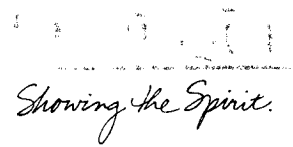


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THE CITY OF



June 29, 2006

Hon. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

Re: Finance Docket No. 34871
Wyoming Dakota Railroad Properties, Inc.—Acquisition and Operation
Exemption—Dakota, Minnesota & Eastern Railroad Corp.

Dear Secretary Williams:

I am writing to comment on the recent petition of the Wyoming Dakota Railroad Properties Inc. (WDR) regarding the proposed Powder River Basin (PRB). While the city of Dubuque, Iowa, is more than 800 miles away from the PRB we believe once this project is completed, it will have a significant impact on our city.

It is important to note that the City of Dubuque is NOT opposed to the PRB project or the new construction as we currently understand the project. However, the City of Dubuque is opposed to the lifting of any conditions requiring environmental impact studies and mitigation in the State of Iowa. We are also opposed to a transfer of building rights to the WDR which undermine the environmental conditions and mitigation measures imposed by the Surface Transportation Board (STB) on the DM&E in Finance Docket 33407.

The City of Dubuque asks the Surface Transportation Board to consider the following in rendering their decision on the Petition of the WDR.

The proposed transfer of authority allowing the WDR to construct 280 miles of track from South Dakota to Wyoming is not an independent project and should not be treated as such; its impact extends beyond the 280 miles of new track. When completed, the PRB project will result in a significant increase in train traffic extending as far East as Chicago. The DM&E Corporate Family currently runs trains through the City of Dubuque with access to Chicago. While all of the areas along the proposed track in Wyoming, South Dakota and Minnesota have had environmental studies completed, no such opportunity has been afforded to Iowa communities, including Dubuque, which will

experience serious environmental impact when the coal mined from the PRB is distributed across the Midwest and through Dubuque.

The City of Dubuque, Iowa is the oldest city in Iowa. Dubuque rests along the banks of the Mississippi River. The Mississippi River is the third largest river in the world and it drains nearly two-thirds of the continental United States. The former IC & E rail lines run through the City of Dubuque separating our riverfront from the rest of the city in two significant locations: the Northend/Kerper Boulevard area and a peninsula known as the Port of Dubuque.

The Northend/Kerper Boulevard area is located in the northeast portion of Dubuque. Significant structures in this area include an Army Corps of Engineer Lock and Dam, the City of Dubuque Municipal Services Center which provides critical infrastructure support for such city services as street maintenance, water distribution and solid waste removal, the City of Dubuque Water Distribution Center which provides water distribution for the entire city, Sutton Pool, McAleece Recreation Complex which includes a boat launch and youth and adult sports areas and the Kerper Boulevard Industrial Park which is home to several major companies and approximately 3,200 employees. Also located in this area are the on/off ramps to the Iowa/Wisconsin Bridge. Service delivery, particularly Police, Fire and Ambulance emergency response to and from this area will be significantly compromised with increased train traffic.

The Port of Dubuque is home to a \$188 million project known as *America's River*. The America's River development, is a result of a public/private partnership and includes a number of facilities and attractions including the Grand River Conference Center, Mississippi Riverwalk, the American Trust Rivers Edge Plaza, the Alliant Energy Amphitheater and most importantly the National Mississippi River Museum and Aquarium (NMRMA). The Port of Dubuque welcomes over 1.5 million tourists annually. Plans are already underway for *America's River* project Phase II which is anticipated to draw additional visitors to the area.

The impact of increased coal traffic along the former IC & E rail lines will present significant environmental and safety issues for the Port of Dubuque and the Northend/Kerper Boulevard area as well as the city of Dubuque.

It is important for the corporate family of Dakota, Minnesota and Eastern (DM&E), Cedar American Rail Holdings (CARH), Iowa, Chicago & Eastern (IC&E) and the Wyoming, Dakota Railroad Properties Inc. (WDR) to recognize the need for environmental mitigation as part of the construction. As delays due to the current train traffic in Dubuque are already at levels dangerous to the health, safety, welfare and economy of Dubuque an increase in train traffic inevitably increases the risk to our citizens and businesses both physically and financially.

Iowa communities deserve similar protections afforded to the affected communities in Minnesota, South Dakota and Wyoming.

Dubuque would like environmental impact studies completed as well as any necessary mitigation. While we attempt to address existing problems the railroad is creating in portions of our city, Dubuque cannot rely on the word of the DM&E corporate family to protect the interests of our citizens as well as the City. Dubuque must act in the best interests of its citizens; doing everything possible to protect them. We respectfully ask the STB do the same.

The City of Dubuque appreciates the time the DM&E corporate family has spent communicating with Dubuque, we hope this continues. Dubuque is open to a dialogue with the DM&E corporate family as well as the STB.

In closing, the City of Dubuque understands the economics of the PRB project for the DM&E Corporate Family but today we ask the STB to balance this with the interests, lives and economics of the citizens and businesses of Dubuque and the rest of the State of Iowa. Thank you for your time and consideration.

Please feel free to contact me at 563-589-4110 if you have any questions regarding this information.

Sincerely,



Michael C. Van Milligen
City Manager

CC: Mayor Roy D. Buol
Dubuque City Council Members
Senator Charles Grassley
Senator Tom Harkin
Congressman Jim Nussle
Governor Tom Vilsack
Dubuque County Board of Supervisors
Barry Lindahl, City Attorney
Cindy Steinhauser, Assistant City Manager
David Heiar, Economic Development Director
Rick Dickinson, Greater Dubuque Development Corporation
Kelley Hutton Deutmeyer, East Center Intergovernmental Association
Steward Sandstrom, Dubuque Area Chamber of Commerce
Jerry Enzler, National Mississippi River Museum and Aquarium
Teri Goodman, National Mississippi River Museum and Aquarium